

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 EA-06 FRB-03 INR-07 IO-10 NSAE-00 OPIC-03 SP-02

TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 DODE-00

PM-03 H-02 L-03 NSC-05 PA-01 PRS-01 SS-15 USIA-06

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R 120846Z JUL 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 7940

INFO AMEMBASSY ABU DHABI

AMEMBASSY BELGRADE

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

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PASS TO PARSKY AND WIDMAN, TREASURY; CIEP FOR DUNN

EB FOR BOEKER AND R. SMITH L FOR FELDMAN

E. O. 11652: GDS

TAGS: EFIN, EINV, OECD

SUBJECT: OECD INVESTMENT COMMITTEE DISCUSSION OF MEMBER

ATTITUDES TOWARD INCOMING INVESTMENT

SUMMARY: FRG INFORMED OECD INVESTMENT COMMITTEE THAT
(1) SAUDI ARABIA HAD AGREED TO INFORM FRG PRIOR TO
MAJOR INVESTMENT IN ANY WEST GERMAN COMPANY AND TO TAKE
FRG VIEWS RE SUCH INVESTMENT INTO ACCOUNT AND (2)
SIMILAR UNDERSTANDINGS WERE BEING SOUGHT WITH OTHER
OPEC INVESTORS. YUGOSLAVIA NOTED ITS DESIRE TO
ENCOURAGE INFLOW OF PRIVATE FOREIGN CAPITAL. END
SUMMARY.

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FRG INFORMED THE OECD COMMITTEE ON INTERNATIONAL

INVESTMENT AND MNES AT ITS JULY 9-10 MEETING THAT SAUDI ARABIA HAD AGREED TO INFORM THE FRG PRIOR TO ANY MAJOR INVESTMENT IN A WEST GERMAN ENTERPRISE AND TO TAKE INTO ACCOUNT THE FRG GOVERNMENT VIEWS WITH RESPECT TO SUCH INVESTMENT. (NOTE: IN SUBSEQUENT DISCUSSIONS FRG REP INFORMED US DEL THAT (1) FACT THAT AN UNDERSTANDING HAD BEEN REACHED WITH SAUDI ARABIA WAS PUBLIC KNOWLEDGE (2) THE UNDERSTANDING MADE NO DISTINCTION BETWEEN PRIVATE OR GOVERNMENT INVESTMENT (3) FORM OF UNDERSTANDING IS LETTER FROM FRG ECONOMICS MINISTER FRIDERICH TO HEAD OF SAMA CONFIRMING ORAL UNDERSTANDING REACHED IN BILATERAL DISCUSSIONS (4) FRG WAS TRYING TO REACH SIMILAR UNDERSTANDINGS WITH OTHER MAJOR OPEC INVESTORS (E.G. IRAN, KUWAIT, UAE) AND (5) FRG DID NOT INTEND TO PUSH FOR FORMAL LEGISLATION AT THIS TIME TO DEAL WITH INCOMING INVESTMENT. FRG REP SUGGESTED USG OFFICIALS KEEP DETAILS CONFIDENTIAL BUT SINCE FACT OF AGREEMENT WAS PUBLIC USG COULD, IF NECESSARY, INFORM CONGRESSIONAL COMMITTEES THAT FRG HAD REACHED AN UNDERSTANDING WITH SAUDI ARABIA ON PRIOR CONSULTATIONS AND WAS SEEKING SIMILAR AGREEMENT FROM OTHER OPEC INVESTORS.)

FRG REP ALSO ASKED (1) WHETHER ANY OECD MEMBERS PLANNED TO GIVE SPECIAL INVESTMENT GUARANTEES TO OPEC INVESTORS (NO DELEGATION RESPONDED AFFIRMATIVELY) AND (2) WHETHER WEST GERMAN PRESS REPORT THAT A US CONGRESSIONAL COMMITTEE HAS APPROVED A NEW RESTRICTIVE BILL ON INCOMING INVESTMENT SIGNALLED A FUNDAMENTAL CHANGE IN US POLICY. US REP (1) INDICATED THERE HAD BEEN NO CHANGE IN ADMINISTRATION POSITION THAT NO NEW LEGISLATIVE AUTHORITY WAS NEEDED (2) BRIEFLY DESCRIBED NEW INVESTMENT COMMITTEE AND PRIOR CONSULTATION ARRANGEMENTS AND (3) POINTED OUT THAT ADMINISTRATION HAS OPPOSED THE MANY BILLS IN CONGRESS AND (4) NOTED THAT CONGRESS WAS MOVING SLOWLY AND THAT ACTION BY ONE SUBCOMMITTEE WAS FAR FROM CHANGE IN US LAW.

YUGOSLAV REPRESENTATIVE USED OCCASION TO NOTE HIS CONFIDENTIAL

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GOVERNMENT WAS TRYING TO ENCOURAGE INFLOW OF PRIVATE FOREIGN INVESTMENT BECAUSE OF EMPLOYMENT BENEFITS AND WAS STUDYING NEW METHODS TO IMPROVE THE EXISTING RULES GOVERNING CONDITIONS UNDER WHICH FOREIGN CAPITAL WELCOMED.

SECRETARIAT (ABROMOWSKI) INDICATED CONSTANT EXCHANGE OF INFORMATION ON INCOMING INVESTMENT POLICIES

ECONOMIC POLICY COMMITTEE WHICH IS CONSIDERING
ECONOMIC ASPECTS OF INCOMING INVESTMENT FROM OPEC NATIONS
WAS PLANNING TO MEET IN SEPTMEBER AND URGED GOVERNMENTS
TO COORDINATE WITH THEIR REPRESENTATIVES TO THIS WP.

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